

**DEPARTMENT OF
FAMILY AND
COMMUNITY
S E R V I C E S**

**Box 7788
Canberra Mail Centre
ACT 2610
Telephone: (02) 6244 7788
Facsimile: 6244-7934
Email: Pete.Winzar@facs.gov.au
Website: www.facs.gov.au
TTY: 1800 260 402**

**HOUSE OF REPRESENTATIVES INQUIRY INTO ISSUES SPECIFIC TO
OLDER WORKERS SEEKING EMPLOYMENT, OR ESTABLISHING A
BUSINESS, FOLLOWING UNEMPLOYMENT**

On Thursday 2 September 1999 the department attended a hearing to give evidence into the above inquiry.

As a result of our hearing, there were a number of issues which we took on notice to follow up for the Committee. These issues largely related to general labour market data and broad customer data for this older age group. In addition, information was requested on specific programs within our portfolio.

I hope the attached information is of assistance to the Committee. If you want to discuss any of the issues further, please contact me on 6244-6521.

Yours sincerely

Peta Winzar
Assistant Secretary

29, October 1999

Encl.

Details on outstanding issues for the Committee

Page 120 and 121: Unemployment and Long Term Unemployment Data

Page 121 of the transcript indicated that the department would provide further information relating to the number of unemployed and long term unemployed people.

	August 1993	August 1996	August 1999
Total unemployed persons	954,800	799,900	682,600
Total long term unemployed persons	348,100	225,000	196,700
% LTU of total unemployed	36.5	28.1	28.8
Age breakdown			
Total persons unemployed:			
45-54 yrs	110,800	112,100	82,800
55-59 yrs	41,700	40,300	29,500
60-64 yrs	29,100	14,200	16,000
Total	181,600	166,600	128,300
Total persons long-term unemployed:			
45-54 yrs	57,000	48,100	38,800
55-59 yrs	23,800	21,900	15,300
60-64 yrs	17,600	5,100	6,200
Total	98,400	75,100	60,300

Note: Total unemployment and long term unemployment figures use the seasonally adjusted data from the ABS Labour Force Survey. The age breakdown data is the original data.

Page 123 and 124: ABS data and ethnicity

The Parliamentary Committee on Employment enquired about the availability of data on the older unemployed who are skilled and come from an ethnic background.

The Labour Market Analysis Section does not currently have such data. However, inquiries indicate that the ABS conducts a supplementary survey based on place of birth, educational attainment and labour force status. Educational attainment is used as a measure of skill levels. This survey has been conducted annually since 1984. The next one is due before the end of the year.

As the data is not published, it can be obtained only by extraction from data files (SAS run). The ABS can provide such data by age groups (increments of 5 years recommended) and gender within 8 working days upon a formal request.

The cost is \$120 for each year data is requested. Data will be provided in Excel spreadsheet format and should be easy to manipulate.

For further information, please contact Leo Stinson on (02) 6252 7793 or by E-mail [leo.stinson@abs.gov.au]

Page 126 and 127: Voluntary/community work and older unemployed

The department contacted Mr Emerson's office in his seat of Rankin and received information on the 'Support-A-Reader' initiative. From the information Mr Emerson's office has given, the services provided by the Support-A-Reader initiative would be of

great benefit to young people. The question of the screening of volunteers was raised. Centrelink does not assess or record a customer's suitability to work with children and would be bound by legal restrictions from releasing this type of information.

The Department of Family and Community Services has contracted Volunteering Australia to provide volunteer referral and placement services to Centrelink customers and volunteer organisations. Volunteering Australia is not contracted to provide screening services for organisations. Due to the privacy considerations involved, it would be extremely difficult for anyone other than the organisation actually employing the person, to undertake the screening process. However, Volunteering Australia is required to match volunteers with suitable organisations and provide initial training to volunteers. It also provides training in the management of voluntary workers to interested organisations.

Volunteering Australia can be contacted on (07) 3229 9700 to discuss the services they have available which may be of assistance to the Support-A-Reader Initiative

Page 128 and 129: Customers in receipt of Disability Support Pension (DSP) and their re-entry into the workforce

It was mentioned in the hearing that approximately 8 per cent of DSP recipients report earnings which gives an indication of their participation in the workforce. The committee subsequently requested further information in terms of general characteristics of this group who report earnings.

DSP recipients reporting income

As of June 1999, 8.1 per cent (47,007) of DSP customers reported having earned income. Of this group reporting income, 63 per cent were male and 37 per cent were female. Just under half (45 per cent) were aged 45 years or over. In terms of their intellectual and/or physical disabilities:

- 24 per cent had intellectual/learning conditions;
- 22 per cent musculo/skeletal; and
- 16 per cent psychological/psychiatric conditions.

The broader DSP population showed the following breakdown:

- 10 per cent had intellectual/learning conditions;
- 31 per cent musculo/skeletal; and
- 20 per cent psychological/psychiatric conditions.

When examining the group who reported earnings by annual earnings amount, the largest customer group is those earning between \$1,300 to \$2,600 a year (see Table 1 below).

Table 1 below provides information on those customers who report earnings by annual earnings amount.

Table 1: Disability Support Pension Customers with Earnings by Annual Earnings Amount: June 1999

Range Annual Earnings	Count	%
More than \$0 to less than \$1,300	8,698	18.55-6
\$1,300 to less than \$2,600	10,186	21.67%
\$2,600 to less than \$3,900	6,281	13.36%
\$3,900 to less than \$5,200	3,983	8.47%
\$5,200 to less than \$7,800	4,324	9.20%
\$7,800 to less than \$10,400	2,911	6.19%
\$10,400 to less than \$13,000	2,363	5.03%
\$13,000 to less than \$15,600	1,692	3.60%
\$15,600 or more	6,569	13.97%
1Total	47,007	100%

Source: FaCS Supercross Pensions Database, 04/06/1999

Table 2 below provides information relating to the medical condition of those DSP customers who report earnings.

Table 2: Disability Support Pension Customers with Earnings by Medical Condition

Medical Condition	Count	%
Acquired brain impairment	1,071	2.28%
Amputation	133	0.28%
Cancer/tumour	712	1.51%
Chronic fatigue/post viral syndrome	526	1.12%
Congenital abnormality	1,523	3.24%
Chronic pain	164	0.35%
Circulatory system	1,594	3.39%
Endocrine and immune system	951	2.02%
Intellectual/learning	11,443	24.34%
Musculo-skeletal and connective tissue	10,327	21.97%
Nervous system	1,403	2.98%
Psychological/psychiatric	7,378	15.70%
Respiratory system	990	2.11%
Skin disorders and burns	93	0.20%
Sense organs	1,381	2.94%
Granted prior to 12.11.91	6,656	14.16%
Visceral disorder	626	1.33%
Not Coded	36	0.08%
Total	47,007	100%

Source: FaCS Supercross Pensions Database, 04/06/1999

Table 3 below provides information on the age breakdown of DSP customers who report earnings.

Table 3: Disability Support Pension Customers with Earnings by Age: June 1999

Age in years	Count	%
<20 yrs	1,365	2.90%
<25 yrs	3,464	7.37%
<30 yrs	4,454	9.48%
<35 yrs	5,063	10.77%
<40 yrs	5,567	11.84%
<45 yrs	5,713	12.15%
<50 yrs	5,969	12.70%
<55 yrs	6,037	12.84%
<60 yrs	5,540	11.79%
<65 yrs	3,803	8.09%
65+ yrs		32
Total	17,007	100%

Source: FaCS Supercross Pensions Database, 04/06/1999

DSP recipients going off payent

In the year to August 1999, approximately 52,000 customers were cancelled from DSP. Of these cancellations, approximately 1500 customers were cancelled due to entering work. In addition, approximately 9300 customers were suspended due to work.

The department currently has no information on the type of work which customers go into when leaving DSP as this information is not recorded on customer records. Such information could possibly be obtained from customer survey research. Note: work for the purpose of DSP is defined as work of 30 hours or more per week at or above award wages.

In terms of Centrelink processes, when a DSP recipient returns to work they have 14 days to notify Centrelink. Customers who advise of a 'return to work' within 14 days are suspended from payment for a period of 2 years. If they have to return to DSP within this period, they face a simplified process for restoration of DSP payment. DSP recipients who fail to notify Centrelink within 14 days are cancelled from payment.

Cancellations due to return to work also occur when a customer either continues working beyond their 2 year suspension period or voluntarily requests a cancellation because of their return to work.

Page 130: Further information on the Pension Bonus Scheme

On pages 129 and 130 of the transcript the committee requested the department to provide further information on the Pension Bonus Scheme. This scheme commenced on 1 July 1998 whereby people may accrue a pension bonus payment if they chose to defer claiming Age Pension while continuing to work. The bonus payment is a tax free lump sum paid to a person at the time they claim and receive their Age Pension.

The aim of the scheme is to provide an incentive for people to consider remaining in the workforce beyond Age Pension age. The scheme is voluntary and there is no compulsion for an individual to participate in the scheme. Attached for the committee's information is a leaflet on the scheme.

Take-up Rate of the scheme

At the beginning of July 1999, the end of the first year of operation, approximately 13,000 people were registered as members of the Pension Bonus Scheme.

Registration of the scheme

The purpose of registration is to protect the interests of people who wish to participate in the scheme. It provides Centrelink with an opportunity to give people the information needed to decide whether or not it is to their advantage to participate in the scheme. It minimises the chances of people who have striven to get a bonus being denied one because they were not aware of the rules of the scheme.

People who qualify for Age Pension (in terms of age and residency) after 1 July 1998 should register within 13 weeks of first qualifying for Age Pension. If they do so, registration commences from the date the person first qualifies for Age Pension. (While they may qualify, they cannot of course, receive Age Pension and still accrue a pension bonus.) The period in which they may register begins 13 weeks before the date they first qualify for Age Pension, and finishes 13 weeks after that date, giving a total lodgement period of 26 weeks.

Late Registration

People who apply to register more than 13 weeks after they qualify for Age Pension are generally registered with effect from the date the application is received. In such cases, registration can only be accepted if the person can establish that they passed the work test and/or would have been a 'non-accruing member' (eg were in receipt of worker's compensation) from the time they first qualified for Age Pension.

Late Registration - Discretion to Backdate

A further discretion exists which allows the date of registration to be backdated if the delegate is satisfied that "exceptional circumstances" existed. In all cases the person would have to establish that the work test had been satisfied since they first became eligible to register for the scheme.

Transitional arrangements - People who qualified for Age Pension before the scheme commenced

These people had until 30 September 1998 to register for registration to commence from 1 July 1998. Late registrations after that date had to establish that they had passed the work test since the scheme commenced and generally were registered from their application date. However the same discretion to backdate in exceptional circumstances applied.

Page 131: Research relating to attitudes of employers

Page 131 of the transcript asked whether the department was aware of any research undertaken to assess employer attitudes towards older workers or the older unemployed. The committee also inquired into the issue of any employer surveys showing the benefits of having employees of different ages.

A research project - 'Workforce Circumstances and Retirement Attitudes of Older Australians' - is currently being jointly developed within FaCS. It will be directed at providing a better understanding of the reasons for, and dynamics of, unemployment and labour force withdrawal among older workers, their income support patterns and financial circumstances. However, this project is still at the planning and design stage.

An evaluation entitled '*Evaluation of the Older Unemployed Labour Market and Income Support Strategy*' was jointly conducted in 1992 by the then Department of Employment, Education and Training and the Department of Social Security. This strategy was part of a wide range of initiatives to reform support for the unemployed and other job seekers in the early 1990s. Part of the evaluation examined employer attitudes towards older people. While the evaluation findings are not directly related to the committee's inquiry, some points of interest were:

- Local marketing strategies aimed at changing employer and community attitudes to older (55-64 years) people are effective when reinforced with a national campaign;
- The most successful local marketing campaigns appeared to rely on bringing individual job seekers to the attention of the community or an employer through success stories or door-knocking employers with particular job seekers in mind; and
- It was not possible to tell if there were improved employment outcomes. The caveat is the 1990-91 recession which occurred immediately after its implementation. Also, the pilot was of a short duration and this limited the amount of money which was devoted to the marketing campaign.

A copy of the full evaluation is included for the committee's information.